

8011-01p SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission Office of FOIA Services 100 F Street, NE Washington, DC 20549-2736

Extension: Rules 300-304 of Regulation Crowdfunding (Intermediaries)

SEC File No. 270-774, OMB Control No. 3235-0726

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the previously approved collection of information provided for in Rules 300-304 of Regulation Crowdfunding.¹

Rules 300-304 of Regulation Crowdfunding enumerate the requirements with which intermediaries must comply to participate in the offer and sale of securities in reliance on Section 4(a)(6) of the Securities Act of 1933 ("Section 4(a)(6)"). Rule 300 requires an intermediary to be registered with the Commission as a broker or as a funding portal and be a member of a registered national securities association.²

Rule 301 requires intermediaries to have a reasonable basis for believing that an issuer seeking to offer and sell securities in reliance on Section 4(a)(6) through the intermediary's platform complies with the requirements in Section 4A(b) of the Securities Act and the related requirements in Regulation Crowdfunding. Rule 302 provides that no intermediary or associated person of an intermediary may accept an investment commitment in a transaction involving the offer or sale of securities made in reliance on Section 4(a)(6) until the investor has opened an account with the intermediary and the

See Regulation Crowdfunding, Exchange Act Release No. 76324 (Oct. 30, 2015), 80 Fed. Reg. 71387 (Nov. 16, 2015) (Final Rule) ("Regulation Crowdfunding").

² Currently, FINRA is the only registered national securities association.

intermediary has obtained from the investor consent to electronic delivery of materials. Rule 303 requires an intermediary to make publicly available on its platform the information that an issuer of crowdfunding securities is required to provide to potential investors, in a manner that reasonably permits a person accessing the platform to save, download or otherwise store the information, for a minimum of 21 days before any securities are sold in the offering, during which time the intermediary may accept investment commitments. Rule 303 also requires intermediaries to comply with the requirements related to the maintenance and transmission of funds. An intermediary that is a registered broker is required to comply with the requirements of Rule 15c2-4 of the Securities Exchange Act of 1934 ("Exchange Act") (Transmission or Maintenance of Payments Received in Connection with Underwritings).³ An intermediary that is a registered funding portal must direct investors to transmit the money or other consideration directly to a qualified third party that has agreed in writing to hold the funds for the benefit of, and to promptly transmit or return the funds to, the persons entitled thereto in accordance with Regulation Crowdfunding.

The rules also require intermediaries to implement and maintain systems to comply with the information disclosure, communication channels, and investor notification requirements. These requirements include providing disclosure about compensation at account opening (Rule 302), obtaining investor acknowledgements to confirm investor qualifications and review of educational materials (Rule 303), providing investor questionnaires (Rule 303), providing communication channels with third parties and among investors (Rule 303), notifying investors of investment commitments (Rule 303), confirming completed transactions (Rule 303) and confirming or reconfirming offering cancellations (Rule 304).

The Commission staff estimates that there would be 62 intermediaries engaged in crowdfunding activity and therefore subject to Rules 300-304. The Commission staff estimates that annualized industry burden would be 15,621 hours to comply with Rules 300-304. This estimate is composed of a one-time burden for new intermediaries to comply with the rules and develop the platform and ongoing burdens

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associated with maintaining the platform. The Commission staff estimates that the costs associated with

complying with Rules 300-304 are estimated to be approximately a total amount of \$5,772,327. These costs

are composed of a one-time burden for new intermediaries to comply with the rules and develop the

platform and ongoing burdens associated with maintaining the platform

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of

information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following

website: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and

Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and

Budget, Room 10102, New Executive Office Building, Washington, D.C. 20503, or by sending an email

to: Lindsay.M.Abate@omb.eop.gov and (ii) Charles Riddle, Acting Director/Chief Information Officer,

Securities and Exchange Commission, c/o Candace Kenner, 100 F Street, NE, Washington, DC 20549, or

by sending an email to: PRA Mailbox@sec.gov. Comments must be submitted to OMB within 30 days

of this notice.

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Deputy Secretary

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